



CalPERS Health Benefits Program

**California Public Employees' Retirement System
Office of Employer and Member Health Services
916-795-1233
www.calpers.ca.gov**



CalPERS Health Program Background

- ❖ **Governed by the Public Employees' Medical and Hospital Care Act (PEMHCA)**
- ❖ **Largest public purchaser of employee health benefits in California**
- ❖ **Over 40 years providing health benefits**



CalPERS Health Program Membership

- ❖ Over 1.2 million covered lives
- ❖ Over 1,100 participating public
 - ❖ 38% local government agencies and school employees

CalPERS Health Program Features

- ❖ No threat of CalPERS discontinuing an agency due to costly health experiences
- ❖ No commissions or broker fees, very low administrative fee
- ❖ No minimum participation required

CalPERS Health Program Features, continued

- ❖ Free automated enrollment and billing system
- ❖ No utilization or actuarial review
- ❖ Annual open enrollment every fall includes materials and mailings

CalPERS Health Program Negotiations

- ❖ Negotiations begin in January for *the following year*
- ❖ Contracts on calendar year basis
- ❖ Health plan contracts signed by CalPERS Health Committee Board in June

Plans Available

HMOs

- ❖ Blue Shield of CA
- ❖ Kaiser
- ❖ Western Heath Advantage
- ❖ EPO Blue Shield of CA in Select areas

Plans Available, continued

PPOs

- ❖ PERSCare
- ❖ PERS Choice
 - ❖ Administered by Blue Cross of CA
 - ❖ Worldwide coverage

Association Plan

- ❖ PORAC
 - ❖ Association plan available for Police and Fire employees who are dues paying members of PORAC
 - ❖ Administered by Blue Cross of CA

Public Agency Participation

- ❖ Agencies may join CalPERS any time during the year
- ❖ Contract as a whole or by individual employee groups
- ❖ Contract signed and adopted by your board and submitted to CalPERS by the 10th of the month

CalPERS Health Program Employer Costs

❖ Administrative Cost

- ❖ Currently less than one-half of one percent of total premium - Maximum 2%

❖ Contingency Reserve Fund

- ❖ Currently 0.0% - since 1985
 - ❖ Maximum 4%

Both would require legislation to increase

Contribution Methods

- ❖ Equal
- ❖ Unequal Contribution
- ❖ Using cafeteria, flexible or optional benefit plans
- ❖ Vesting

Equal Contribution

- ❖ Same amount for active and retirees
- ❖ 22892 (b)(1) must be at least the minimum amount (\$48.40 for 2005 and increased incrementally each year reaching \$97 by 2008).

Unequal Contribution

- ❖ **22892 (c) Agencies can start at a lower amount for retirees**
- ❖ **Increased by 5% annually based on the active employee contribution until equal**
- ❖ **Initial contribution for retirees can be as little as \$1 (increased by 5% annually based on the active employee contribution)**

Using a Cafeteria Plan Or a 125 Flexible Benefits Plan with the CalPERS Health Benefits Program

- ❖ An amount is designated specifically as the health benefits employer contribution
- ❖ This amount may be the minimum stated in Government Code 22892 (i.e., \$48.40 for 2005)
- ❖ Employer provides a flexible fund of benefits that offers two or more benefits

* Note: CalPERS does not administer Cafeteria, Flexible or Optional Benefit Plans. These are governed by the IRS. Consult your tax attorney or advisor for more detailed information on these type of plans.

Vesting for Public Agencies

- ❖ Regulated by Government Code 22893
- ❖ Minimum of ten years of service to receive 50% of employer contribution
- ❖ Five years must be with your agency
- ❖ Is subject to collective bargaining agreement
 - ❖ Minimum must equal the State's contribution annually calculated by the 100/90 formula
 - ❖ Applies to employees who are hired on or after effective date of contract

Vesting for Schools

- ❖ **Regulated by Government Code 22895**
- ❖ **Is subject to collective bargaining agreement**
- ❖ **Shall be based on credited years of service**
- ❖ **Applies to employees who retire after effective date of bargaining agreement**
- ❖ **Must be at least minimum contribution**

Eligibility

Active employee

- ❖ Tenure: Intent of hire (6 mo + 1 day)
- ❖ Time-base: Half-time or more (20 hrs +)

Retiree Eligibility

- ❖ PERS or STRS membership
- ❖ Must retire within 120 days of separation from employment
- ❖ Must be receiving a monthly retirement warrant
- ❖ Non-PERS agencies must set retiree criteria

Eligibility, continued

Family Member Eligibility

- ❖ Spouses and unmarried children (natural, step or adopted) up to age 23
- ❖ Economically dependent children coverage
- ❖ Certified Disabled Dependent children

**Dual coverage or split enrollments
are prohibited**

Eligibility, continued

Domestic Partner

- ❖ AB 205 provides eligibility for domestic partners as defined by the State of California effective January 1, 2005.

Survivor Coverage

- ❖ Prior to retirement
 - ❖ If deceased employee is retirement eligible, surviving spouse may be eligible for the monthly retirement benefit and may be eligible for health benefits as surviving annuitant
 - ❖ Employer may adopt G.C. 22819 for survivors of employees who decease prior to retirement age.

Eligibility, continued

Survivor Coverage

- ❖ Post retirement
 - ❖ **Surviving spouse eligible for CalPERS monthly survivors allowance may continue health benefits as surviving annuitant**

Billing Procedures

- ❖ Automated itemized bill available online
- ❖ Billed only contribution amount for retirees
- ❖ Non-PERS agencies billed full premium)
plus administrative fee
- ❖ Write one check - pay one dollar amount
- ❖ COBRA billing administered by
health plans

2005 Open Enrollment

❖ Important Dates

- ❖ Circular Letter mailed mid-July
- ❖ Open Enrollment— September 15 – October 15
- ❖ Open Enrollment transactions effective 1/1/2006

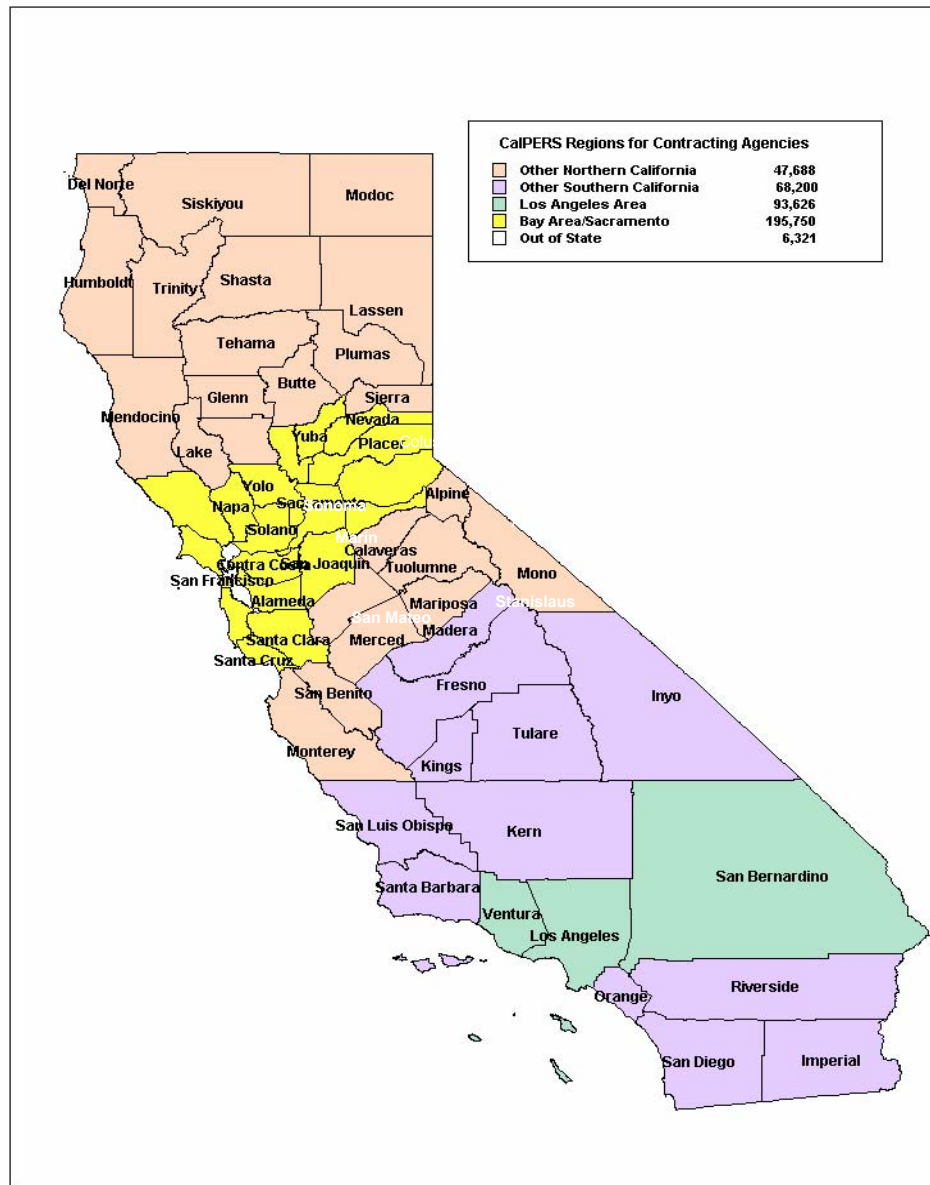
❖ Annual Member Health Plan Statements

- ❖ To be mailed July 27th
- ❖ Regional prices now included

❖ Undeliverable Mail

- ❖ Employer now notified

Board Approved Regions for Contracting Agencies



Contracting agency regional membership totals include all plans: Blue Shield, Kaiser, Western Health Advantage, PERS Choice, and PERSCare. Each plan will have a unique regional premium reflecting regional health care costs.

Limited Reimbursement for Retroactive Transaction

Overview

- ❖ CCR, Sections 599.502(f)(2) and 599.506(c)(1)

Communication Efforts

- ❖ We're letting members know:
 - ❖ They know their status
 - ❖ It's *their* responsibility to inform you
- ❖ Publications and other mediums

More info www.calpers.ca.gov

For More Information Call

Office of Employer and Member

Health Services

(916) 795-1233

Thank you

